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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
3 Civil Action No. 07 cv 11387 (DLC)  
4 SECURITIES AND EXCHANGE COMMISSION, VOLUME I  
5  
6 Plaintiff,  
7 vs.  
8 BRIAN N. LINES, ET AL.,  
9  
10 Defendants.  
11  
12  
13  
14 VIDEOTAPED DEPOSITION OF THE DEFENDANT,  
15 BRIAN LINES,  
16 TAKEN BY THE PLAINTIFF  
17 ON MONDAY, NOVEMBER 9, 2009  
18  
19  
20  
21  
22  
23  
24  
25

2

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3

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10 (All exhibits were retained by Mr. Smith.)  
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1 THE VIDEOTAPED DEPOSITION OF THE  
2 PLAINTIFF, BRIAN LINES, TAKEN BY THE PLAINTIFF, IN  
3 THE ABOVE-TITLED CAUSE, BEFORE PAMELA GRIMALDI,  
4 REGISTERED PROFESSIONAL REPORTER AND NOTARY PUBLIC  
5 STATE OF FLORIDA AT LARGE, AT 101 SOUTH ROAD,  
6 SOUTHAMPTON, BERMUDA ON MONDAY, NOVEMBER 9, 2009  
7 BEGINNING AT 10:12 A.M., PURSUANT TO THE NOTICE  
8 HERETOFORE FILED.  
9  
10  
11 THE VIDEOGRAPHER: This is Tape 1 of the  
12 deposition of Mr. Brian Lines in the matter of  
13 Securities and Exchange Commission versus Lines,  
14 et al. in the United States District Court,  
15 Southern District of New York at the Fairmont  
16 Southampton, 101 South Road, Southampton, SN 02,  
17 Bermuda.  
18 My name is Rolf Martin in association with  
19 Reporting and Transcription Services Bermuda Ltd.  
20 The court reporter is Pam Grimaldi in association  
21 with Reporting and Transcription Services Bermuda  
22 Ltd.  
23 Would counsel please state their appearances  
24 for the record, after which the reporter will  
25 swear in the witness.

25

1 Craig and two other individuals?  
 2 A Yeah. There was a secretary, an  
 3 administrator, and one other broker.  
 4 Q And let's go back to LOM Caymans for a  
 5 minute. As time went on, did the staff at LOM Caymans  
 6 increase or stay roughly the same?  
 7 MR. FIGEL: Objection.  
 8 BY MR. WILLIAMS:  
 9 Q Or decrease?  
 10 MR. FIGEL: Objection.  
 11 THE WITNESS: It increased a little bit.  
 12 BY MR. WILLIAMS:  
 13 Q Is LOM Cayman still in operation today?  
 14 A Yes, it is.  
 15 Q Today approximately how many people work  
 16 there?  
 17 MR. FIGEL: Objection.  
 18 THE WITNESS: I couldn't tell you. I'm not  
 19 part of the LOM group anymore.  
 20 BY MR. WILLIAMS:  
 21 Q Okay. When did you cease to be part of the  
 22 LOM group?  
 23 A Must be four years ago now.  
 24 Q Okay. And at the time that you ceased to be  
 25 part of the LOM group, at that time how many people

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1 worked at LOM Caymans, approximately?  
 2 A I'd say maybe seven.  
 3 Q And at that time how many people worked for  
 4 LOM Bahamas?  
 5 A Three.  
 6 Q So from the time of the inception of LOM  
 7 Bahamas to the time that you no longer were associated  
 8 with LOM, the size of that office stayed roughly the  
 9 same or did it change?  
 10 A The Bahamas office?  
 11 Q Yes, sir.  
 12 A I believe it's still three.  
 13 Q Okay. And you mentioned an individual named  
 14 Mr. McCulskey ran the Cayman office at the outset?  
 15 A That's correct.  
 16 Q And did Mr. McCulskey answer to you or anyone  
 17 else at LOM Bermuda?  
 18 A Yeah. He would have answered to me and  
 19 Scott.  
 20 Q And how about your brother Craig in Bahamas,  
 21 did he also answer to you or anyone else in LOM  
 22 Bermuda?  
 23 A He'd answer to both Scott and I, yes.  
 24 Q And what was — at the inception — and let  
 25 me know if it changed over time — what was your title

27

1 at LOM?  
 2 A I was the president.  
 3 Q Okay. And were you the president from the  
 4 inception to the point where you left?  
 5 A That's correct.  
 6 Q And what was your brother's title?  
 7 A He was the managing director.  
 8 Q Can you give me a sense of what your job  
 9 responsibilities were at the inception, and tell me if  
 10 they changed over time?  
 11 A Yeah, they changed over time. You know, I  
 12 was a salesman, I tried to get new clients, new  
 13 accounts, and Scott did, as well, but I would say Scott  
 14 was more operationally driven.  
 15 Q When you say operationally driven, what do  
 16 you mean by that?  
 17 A Just to make sure, apart from the sales,  
 18 everything else was taken through properly, you know,  
 19 the systems were adequate. He'd review certain clients  
 20 or transactions. It was a small firm. We were doing a  
 21 lot of everything. At the beginning when we opened up,  
 22 I was cleaning the toilet.  
 23 Q At the point at which — and by the way, can  
 24 you give me an approximate year in which you left LOM?  
 25 A We're in 2009 now?

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1 Q Yeah.  
 2 A Four years ago. I guess, what, 2000 — 2005  
 3 or '6.  
 4 Q 2005, '6, something like that?  
 5 When you left, how many people were employed  
 6 at LOM Bermuda?  
 7 A Over a dozen. I don't know the exact number.  
 8 Q Somewhere between 10 and 20?  
 9 A Yeah, I'd say that would be a good call.  
 10 Q And how many of the people, by a rough  
 11 percentage, how many of them were brokers?  
 12 MR. FIGEL: Objection.  
 13 THE WITNESS: Scott and I were brokers — we  
 14 probably had six brokers there at the Bermuda  
 15 office.  
 16 BY MR. WILLIAMS:  
 17 Q And can you give me an indication of the size  
 18 of your business when you started at LOM?  
 19 A When we started, we had no business.  
 20 Q And as time went on, did, hopefully, your  
 21 business increase?  
 22 A Yeah.  
 23 Q Okay. And by the time you left, can you give  
 24 me an idea of the magnitude of business that you did?  
 25 MR. FIGEL: Objection.

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1 MR. SMITH: What do you mean? Objection to  
2 the form.  
3 BY MR. WILLIAMS:  
4 Q In terms of number of accounts, say.  
5 A We had a lot of accounts.  
6 Q Can you give me a ballpark in terms of the  
7 amount of assets under management?  
8 MR. FIGEL: Objection.  
9 MR. SMITH: Objection.  
10 BY MR. WILLIAMS:  
11 Q At the time you left.  
12 A At the time I left it was probably over a  
13 billion dollars group-wide.  
14 Q When you say group-wide, you mean all three  
15 geographic regions of LOM?  
16 A Yes. Close to a billion or over a billion.  
17 Q And then the three geographic regions that we  
18 talked about, LOM Bermuda, LOM Cayman, and LOM Bahamas,  
19 were those the only three office of Lines Overseas  
20 Management?  
21 A Yes. But I'd like to point something out.  
22 They did -- they did create a London office after I  
23 left.  
24 Q I see. So after you left, LOM created a  
25 London office, as well?

30

1 A That's correct.  
2 Q But during the period in which you were  
3 there, there were only three geographic offices?  
4 A That would be correct.  
5 Q What is LOM Capital?  
6 MR. FIGEL: Objection.  
7 BY MR. WILLIAMS:  
8 Q If you know.  
9 A LOM Capital is just the corporate finance  
10 arm.  
11 Q What is corporate finance?  
12 A Corporate finance is, depending on -- it's  
13 everything that would be nontrading: You know,  
14 structuring, prospectus writing, helping a company  
15 restructure its finances, or listing -- listings on the  
16 Bermuda Stock Exchange, or any type of structured  
17 transaction.  
18 Q When you say structuring, or structure a  
19 transaction, what does that mean?  
20 A It means everything -- it means everything to  
21 do with the nontrading side of the business. So  
22 prospectuses, offering memorandums.  
23 Q So when you say a prospectus, what do you  
24 mean by a prospectus?  
25 A They would help write prospectuses, review

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1 prospectuses or offering memorandums.  
2 Q When you say prospectus or offering  
3 memorandum, are you talking about selling stock?  
4 A Private placement memorandum -- that's  
5 correct. But from a private placement or an offering.  
6 Q And so --  
7 A As opposed to, May I buy a thousand shares of  
8 IBM? So it's definitively different.  
9 Q Okay. So does LOM Capital operate out of one  
10 of the three geographic offices during your tenure  
11 there, or somewhere else?  
12 A No. Just out of the Bermuda office.  
13 Q Okay. And who was responsible for LOM  
14 Capital?  
15 MR. FIGEL: Objection.  
16 THE WITNESS: David Surmon and Zach Collins.  
17 BY MR. WILLIAMS:  
18 Q Who is David Surmon?  
19 A David Surmon being the company legal -- he'd  
20 be in charge of -- he'd be the company lawyer, in-house  
21 company lawyer.  
22 Q And he was in charge of LOM Capital?  
23 A He looked over it, yes. Zach was doing a lot  
24 of work behind it.  
25 Q Who is Zach Collins?

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1 A Zach Collins was an American fellow that  
2 worked for Mellon Bank doing corporate finance with  
3 Mellon Bank.  
4 Q And who, if anyone, did Zach Collins report  
5 to?  
6 A He reported to -- well, he reported to my  
7 brother. And me, I guess, but more my brother Scott on  
8 the operational level.  
9 Q As between you and your brother, who was --  
10 who, if anyone, was senior or higher in the reporting  
11 structure during your tenure there?  
12 A We were both equal -- equals, but as I said,  
13 Scott was more operations driven and I was more sales.  
14 So the way we sort of divided the work was I'd sort of  
15 talk to the salesmen, called a conference call, you  
16 know, once a week with them, so I would be more the --  
17 head of the sales force, and Scott was more the  
18 operations guy, head of the operations.  
19 Q And as head of the operations, he would  
20 interact, you indicated, I think, with Mr. Collins in  
21 terms of the corporate finance aspects. What other  
22 aspects would Scott interact with in terms of  
23 operations?  
24 MR. FIGEL: Objection.  
25 THE WITNESS: He'd operate -- he'd interact

1 four or five years down the road in the business side.  
 2 Q Approximately four or five years after you  
 3 started doing business?  
 4 A That's correct.  
 5 Q Okay. And who -- was there a person at LOM  
 6 that was responsible for the Web site during the period  
 7 in which it was in operation when you were there?  
 8 A It would be -- it would have been an IT  
 9 application.  
 10 Q Who was responsible for the content, if you  
 11 know?  
 12 A My brother Scott would have overlooked it.  
 13 Q That would be part of the operations?  
 14 A That would be part of the operations side.  
 15 It would have been an IT function, but Scott would have  
 16 definitely overlooked that side of it.  
 17 Q Okay. Did either you or your brother have  
 18 accounts at LOM?  
 19 A Yes, we did.  
 20 Q And were those accounts in your names?  
 21 A We had accounts in our name, accounts that we  
 22 controlled in corporate names.  
 23 Q With respect to the accounts in your names,  
 24 you in particular, how many accounts did you have in  
 25 your name?

1 A My own name?  
 2 Q Yes, sir.  
 3 A Just one.  
 4 Q And was that an LOM Bahamas account or  
 5 Bermuda or Cayman?  
 6 A That would be a Bermuda account.  
 7 Q And was that an account that you used for  
 8 your own personal trading or for some other purpose?  
 9 MR. SMITH: Objection.  
 10 THE WITNESS: It was, you know, trade, and  
 11 wire cash out of it. Just a basic account.  
 12 BY MR. WILLIAMS:  
 13 Q Okay. And you indicate that there were other  
 14 accounts in corporate names that you controlled.  
 15 A That's correct.  
 16 Q What were the names of those accounts?  
 17 A There was Monashee, Largo Flight.  
 18 Q Any others that you recall?  
 19 A No.  
 20 Q The Monashee account, was that -- do you  
 21 recall which geographic LOM region that that account  
 22 was owned -- controlled by?  
 23 MR. FIGEL: Objection.  
 24 MR. SMITH: Objection. Do you mean where was  
 25 it?

1 THE WITNESS: What jurisdiction was it?  
 2 BY MR. WILLIAMS:  
 3 Q Yeah. What jurisdiction was it?  
 4 A Bermuda. But saying that, Monashee was a BV4  
 5 company. But it was a Bermuda account.  
 6 Q And when you say BV4, is that British Virgin  
 7 Islands?  
 8 A That's correct.  
 9 Q And who formed Monashee? Who formed it, the  
 10 British Virgin Islands corporation?  
 11 A I believe -- I think it was a fellow by the  
 12 name of Rob Jennings.  
 13 Q Who is Rob Jennings?  
 14 A He was a corporate administrator in Bermuda  
 15 way back when.  
 16 Q And did Mr. Jennings work for a firm?  
 17 A A corporate administration firm.  
 18 Q And do you know who directed Mr. Jennings to  
 19 form the corporation?  
 20 A I would have -- I would have directed him.  
 21 Q Why did you direct him?  
 22 A Why did I direct him to open a corporation  
 23 up?  
 24 Q Yes, sir.  
 25 A It was to deal with structuring. I had a

1 trust -- a family trust above it, and he created a  
 2 company that would be the holding company.  
 3 Q When you say you had a trust above it, what  
 4 do you mean by that?  
 5 A The corporation was owned by a trust that  
 6 family, sort of, were the beneficial owners of.  
 7 Q When you say your family --  
 8 A My immediate family.  
 9 Q Okay. And what was the purpose of the  
 10 corporation?  
 11 A It's just the way things are done. You have  
 12 a -- you know, you have a corporation under a family  
 13 trust, and it makes it -- it makes it easier to  
 14 administer per se for the trust side. Plus it's a  
 15 limited liability company, also which, I guess, has  
 16 some bearing.  
 17 Q Did the corporation Monashee do any business?  
 18 A What kind of business?  
 19 Q Any kind.  
 20 A There's a holding company.  
 21 Q Did the company have any assets?  
 22 A Yes.  
 23 Q What was its assets?  
 24 A Monashee?  
 25 Q Yes.

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1 A Monashee held -- number one, it held the LOM  
2 stock, and it held pieces of different companies, and  
3 had cash and...  
4 Q Other than the account -- I think you said  
5 the Monashee account was an LOM Bermuda account; is  
6 that right?  
7 A That's correct, yes.  
8 Q Other than the LOM Bermuda account, did  
9 Monashee have any other accounts?  
10 A Meaning --  
11 Q Bank, brokerage?  
12 A No, I don't think it did. There was a  
13 brokerage account at LOM.  
14 Q And that was the only account that it had?  
15 A That's correct.  
16 Q I believe you indicated that you controlled  
17 the Monashee account?  
18 A Yes.  
19 Q And how about Largo Flight, can you tell me  
20 which LOM geographic region that account was held in?  
21 A It was in Cayman.  
22 Q Was it originally in Cayman?  
23 A Was it originally in Cayman?  
24 Q Yes.  
25 A We had one also set up in Bermuda. We had

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1 two Largo Flight accounts: One was in Bermuda, one was  
2 in Cayman.  
3 Q Where does the name Largo Flight come from,  
4 if you recall?  
5 A I don't know.  
6 Q Okay. Is there a corporation underlying the  
7 account?  
8 MR. FIGEL: Objection.  
9 THE WITNESS: The account is a corporation.  
10 BY MR. WILLIAMS:  
11 Q And is it likewise a BVI corporation or some  
12 other sort of corporation?  
13 A I don't remember.  
14 Q And who are the beneficial owners of Largo  
15 Flight?  
16 A Largo Flight would be owned by two family  
17 trusts that are for the benefit of both Scott's family  
18 and my family, immediate family.  
19 Q Other than the LOM Cayman account that you  
20 spoke of and the LOM Bermuda account that you spoke of,  
21 to your knowledge, did Largo Flight have any other  
22 accounts at any other -- at either LOM or any other  
23 institution?  
24 A Never did.  
25 Q And what was the purpose of Largo Flight

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1 having an account at LOM Bermuda?  
2 A The purpose?  
3 Q Yes.  
4 A It was an investment company. It was a  
5 holding account for investments.  
6 Q And how about the account at LOM Cayman?  
7 A Same thing; it was just a holding company for  
8 investments.  
9 Q Why would Largo Flight have accounts at two  
10 different -- at both LOM Bermuda and LOM Cayman?  
11 MR. FIGEL: Objection.  
12 THE WITNESS: I don't know.  
13 BY MR. WILLIAMS:  
14 Q Okay.  
15 A Just did.  
16 Q Okay. Did you set up the account at LOM  
17 Bermuda or was it someone else?  
18 A I believe the LOM Bermuda was set up and that  
19 was the first account that it had.  
20 Q Was it set up by you or someone else?  
21 A It would have been authorized by me.  
22 Q How about the LOM Cayman account?  
23 A It would have been authorized by me, not  
24 actually set up, but probably authorized, I guess.  
25 Q If Largo Flight already had an account at

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1 Bermuda, why would you authorize a second account, if  
2 you recall?  
3 A For any reason, you know. We were probably  
4 trying -- it was a new office, we were probably trying  
5 to get some commission. I don't know. I don't really  
6 recall why it was actually set up there.  
7 Q Who was the broker on the LOM Bermuda account  
8 for Largo Flight?  
9 A It was -- they were both BAS accounts.  
10 Q And BAS, again, is Brian and Scott account?  
11 A That's correct. That was for commission  
12 purposes, BAS was coded that way.  
13 Q Let me ask you something about that, the BAS  
14 account. If -- are the commissions divided evenly  
15 between you and your brother on accounts that were BAS  
16 accounts during the time you were there?  
17 A The relationship we had with the company was  
18 30 percent would be shared equally, the BAS side,  
19 30 percent would be shared equally between Scott and I,  
20 and 70 percent would go to LOM, whether it be LOM  
21 Cayman or LOM Bermuda, depending on the code.  
22 Q And so I guess in terms of the BAS accounts,  
23 did it make any difference whether you brought the  
24 account in to LOM or whether Scott brought the account  
25 into LOM, they were all treated the same?

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1 Q So Mr. Peever was one of the investors in  
2 Sedona?  
3 A That's correct.  
4 Q And did he invest individually or through  
5 some corporate entity?  
6 A Well, you have to go back a little bit, but  
7 he was part of the ICH tranche, and he would have  
8 received a third of the 780,000 shares.  
9 Q He was part of the ICH tranche. What do you  
10 mean by that?  
11 A Meaning he would have had a third of any net  
12 proceeds from the ICH account on the ICH tranche of  
13 stock they bought. Let's say 230,000 shares, maybe,  
14 give or take a few.  
15 Q Okay. I thought you said you only used the  
16 ICH account for structure.  
17 A Yes. This was part of -- this was part of  
18 the structure.  
19 Q Okay. So was ICH going to be -- so ICH was  
20 going to be an investor in Sedona?  
21 A ICH was going to be an investor in Sedona,  
22 yes.  
23 Q And so -- and did you have a conversation  
24 with Mr. Way about that?  
25 A Yes.

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1 Q When was that?  
2 A Probably just before Christmas.  
3 Q He wasn't at the lunch?  
4 A Between the 17th and the 21st.  
5 Q But he wasn't at the lunch?  
6 A No. But he was in the LOM building.  
7 Q So did you have a conversation with him in  
8 the LOM building or somewhere else?  
9 A It would be in the LOM building.  
10 Q And do you recall having a conversation with  
11 him?  
12 A I had some conversation with him, yes.  
13 Q Do you recall having a conversation with him  
14 about him investing in Sedona?  
15 MR. SMITH: Objection.  
16 THE WITNESS: He personally wasn't investing  
17 in Sedona.  
18 BY MR. WILLIAMS:  
19 Q Do you recall having a conversation with him  
20 about ICH investing in Sedona?  
21 A Yes.  
22 Q In about December of 2002?  
23 A Yes. Somewhere between the 17th and the 22  
24 or the 21st when I left.  
25 Q Do you recall where that conversation took

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1 place inside the LOM building?  
2 A No. But it would have been a generic  
3 conversation.  
4 Q By generic, do you mean generic in the way  
5 that you've described your conversation with  
6 Mr. Winter?  
7 A Yeah. ICH is contemplating on buying a piece  
8 of his company, et cetera, et cetera.  
9 Q You would have said, ICH is contemplating  
10 what?  
11 A Buying a chunk of Sedona.  
12 Q Okay. So you indicated that Mr. Peever put  
13 up money.  
14 A Yes.  
15 Q Who else put up money?  
16 A There were three entities that put up the  
17 money: Largo Flight, Monashee, and I believe it was  
18 Golden Accumulator.  
19 Q And we've talked about Monashee and Largo  
20 Flight. Who is Golden Accumulator?  
21 A That was a corporation who was directed --  
22 Todd Peever directed its -- its being.  
23 Q So did Mr. Peever -- is it fair to say he  
24 transacted business through Golden Accumulator?  
25 A That would be correct.

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1 Q And did Golden Accumulator have an account at  
2 LOM?  
3 A Yes.  
4 Q Bermuda, Cayman, or Bahamas, do you recall?  
5 A I don't recall.  
6 Q But one of them?  
7 A But one of them.  
8 Q And was that a, what we discussed earlier, a  
9 BAS account?  
10 A Yes, it was.  
11 Q And so Mr. Peever -- excuse me. Golden  
12 Accumulator put up money, Largo Flight put up money,  
13 and Monashee put up money?  
14 A That's correct.  
15 Q How much money did Mr. Redford put up?  
16 A That's probably why we did it -- when the  
17 money was being put up, I was in Whistler, Vancouver,  
18 so I told Devi, with Todd's consent, Transfer money  
19 three ways: 385,000 divided by three in the ICH  
20 account. And all the accounting would have been done  
21 in that account, so that was the structuring account  
22 per se. And at this point no one else had put up any  
23 money.  
24 Q So Mr. Redford hadn't put up any money?  
25 A Not as of yet.



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1 Q And Mr. King hadn't put up any money?  
 2 A Not as of yet.  
 3 Q And Mr. Smith hadn't put up any money?  
 4 A That would be correct.  
 5 Q And Mr. Way hadn't put up any money?  
 6 A Mr. Way really -- he was a director of ICH.  
 7 He wasn't expected to put up money.  
 8 Q I thought you said that -- maybe I  
 9 misunderstood you -- that you had spoken to Mr. Way  
 10 about whether or not he wanted to invest?  
 11 A No, I didn't.  
 12 Q Okay. You never had a conversation with  
 13 Mr. Way about whether or not --  
 14 A I said ICH was investing.  
 15 Q Yes.  
 16 A He was a director of ICH.  
 17 Q Well, who --  
 18 A He just followed out my -- you know, what we  
 19 planned to do.  
 20 Q So if ICH was investing, who was going to be  
 21 receiving the benefit from ICH?  
 22 A ICH, again, was a structuring account. It  
 23 wasn't really an investor. It was a structuring  
 24 account. And the three guys that put up the money  
 25 were, I guess, Todd, Scott, and I, for the three

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1 respective accounts, and that's how we purchased the  
 2 shell to begin with. That -- meaning all the debits  
 3 would have come into that account, all the credits  
 4 would have come into that account, and we would have  
 5 split everything out later on.  
 6 Q So ICH wasn't really investing in Sedona?  
 7 A They were investing in Sedona, but it had  
 8 multiple shareholders in it, meaning three.  
 9 Q You lost me. ICH was investing in Sedona,  
 10 but --  
 11 A ICH bought stock in Sedona, but in this  
 12 transaction, specific transaction, ICH -- the ICH block  
 13 was represented by Todd, Scott, and myself were the  
 14 three entities. So that ICH block we represented.  
 15 Q So the ICH block --  
 16 A Of stock.  
 17 Q -- you, your brother Scott, and Mr. Peever  
 18 represented?  
 19 A And myself.  
 20 Q And so you, your brother Scott, and  
 21 Mr. Peever put up the money to purchase the shell?  
 22 A That's correct.  
 23 Q And you testified a few minutes ago that you  
 24 told Devi to transfer the funds. Who's Devi?  
 25 A Devi would have been my assistant.

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1 Q What's Devi's full name?  
 2 A Devi Johal.  
 3 Q And --  
 4 A And if it wasn't Devi, it could have been  
 5 Sherry. I don't recall back then, but Sherry is Devi's  
 6 sister and she used to work with us sometimes too when  
 7 Devi wasn't there.  
 8 Q Sherry is also named --  
 9 A Johal.  
 10 Q -- Johal?  
 11 A Yes.  
 12 Q And so you didn't ask Mr. Redford to put up  
 13 any money?  
 14 MR. FIGEL: Objection.  
 15 THE WITNESS: I would have asked him to put  
 16 up money. We just weren't there yet.  
 17 BY MR. WILLIAMS:  
 18 Q You weren't where?  
 19 A I was in Vancouver. We all funded this  
 20 structuring account. He would have been expected to  
 21 put his pro forma money in. It just didn't happen.  
 22 That was the accounting side of it.  
 23 Q Okay. And so all of the money to fund the  
 24 account came from ICH, and the contributors of the  
 25 money in the ICH were yourself, Scott Lines, and Todd

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1 Peever?  
 2 A Entities that we controlled, yes.  
 3 Q And those three entities funded the entire  
 4 purchase?  
 5 A That's correct, to begin with.  
 6 Q You say "to begin with." Did that change at  
 7 some point?  
 8 A No. But that was the -- as I said, that was  
 9 the accounting side of it. So when I got back on the  
 10 7th of January, whatever, you know -- that's why we  
 11 have the accounting account, so we can account for who  
 12 got stock and who didn't and how much people owe us ar  
 13 et cetera, et cetera.  
 14 Q So on January 7, at that point you reached  
 15 out to Mr. Redford and Mr. King and Mr. Smith to obtain  
 16 their payment?  
 17 A I never did get a chance to reach out to  
 18 them, no.  
 19 Q Why not?  
 20 A Because everything sort of turned upside down  
 21 and the whole structure was annihilated, as you  
 22 probably know by now, and it was kind of difficult to  
 23 go back to -- go back to any investor and say, You owe  
 24 me, whatever it is, 32,000 or \$28,000, for nothing.  
 25 And saying that, I also gave Todd his money back. I

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1 798,000 shares that Jack Cooper would have sent to me  
2 after 90 days.  
3 Q So there were a number of different entities  
4 that appear on the purchase agreements for Sedona, and  
5 ICH was one of those entities, right?  
6 A That's correct.  
7 Q And your testimony is that your interest in  
8 the transaction was a third of what ICH had?  
9 A A third of what ICH had and a third of Jack  
10 Cooper's stock after 90 days.  
11 Q Through ICH?  
12 A Not through ICH, no.  
13 Q Okay. So the -- we talked about 796,000  
14 shares that would come after 90 days?  
15 A That's right.  
16 Q And that would go directly to you, or through  
17 some entity? Or what were the mechanics on that, if  
18 you recall?  
19 MR. FIGEL: Objection.  
20 MR. SMITH: Objection.  
21 BY MR. WILLIAMS:  
22 Q You can answer if you understand the  
23 question. It may have been a bad question.  
24 A The mechanics of the transaction were quite  
25 simple. A third of ICH stock, 797,000 shares or 98,000

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1 shares, would come from Jack Cooper after 90 days, and  
2 I was to distribute that amongst the three funding  
3 shareholders at the time, which would be Todd -- or the  
4 entities. So in retrospect, Golden Accumulator would  
5 have a third of it --  
6 THE COURT REPORTER: I'm sorry, who?  
7 THE WITNESS: Golden Accumulator a third,  
8 Monashee a third, and Largo a third.  
9 BY MR. WILLIAMS:  
10 Q So you, Mr. Peever, and Scott Lines would  
11 have a third of the 796,000 shares once it became free  
12 trading in 90 days?  
13 A That's correct. Well, we'd -- yes. The  
14 simple question is yes -- the simple answer is yes.  
15 Q Okay. Is there some nuance that I'm missing?  
16 A No, no. It's fine.  
17 Q And as the deal was being negotiated --  
18 A Negotiated. The shell purchase?  
19 Q Yeah, the shell purchase.  
20 A With Jack Cooper?  
21 Q Yeah. During the time in which you were  
22 negotiating with Mr. Cooper -- first of all, did you  
23 negotiate with anyone other than Mr. Cooper with  
24 respect to the Sedona share purchase?  
25 A No.

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1 Q Did anyone other than yourself negotiate on  
2 your side of the transaction, if I can put it that way,  
3 with respect to the Sedona share purchase?  
4 MR. FIGEL: Objection.  
5 THE WITNESS: With Jack Cooper? No.  
6 BY MR. WILLIAMS:  
7 Q Not with Mr. Cooper?  
8 A Not to my knowledge.  
9 Q As far as you know.  
10 Did you have any conversations with -- you  
11 indicated you had conversations with a number of  
12 individuals during that period of time: Mr. Redford,  
13 Mr. King, Mr. Smith. Did you have any conversations  
14 with your brother about the transaction, Scott Lines,  
15 your brother?  
16 A I believe -- I believe I did. I might be  
17 mistaken.  
18 Q Can you describe the nature of those  
19 conversations, if you recall?  
20 A I don't recall. It's seven years ago. We  
21 don't talk long and drawn-out about a purchase. Either  
22 we do it or we don't. It's not something you think  
23 about for hours.  
24 Q Okay. Well, did you have a conversation or  
25 conversations with your brother where you asked him if

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1 he wanted to do it or you let him know that you were  
2 doing it?  
3 MR. FIGEL: Objection.  
4 BY MR. WILLIAMS:  
5 Q Something related to the transaction --  
6 A You know, I don't recall, but I usually do  
7 have conversations with him, yeah, but not -- we buy  
8 and sell a lot of securities all the time, so I don't  
9 recall. I don't recall on the exact date. I know I  
10 had a conversation with him, but...  
11 Q And what was the conversation?  
12 A That we probably bought a piece of a shell.  
13 Q Did you tell him the name of the shell, do  
14 you recall?  
15 A I don't recall.  
16 Q Did you tell him the price?  
17 A Probably did. Wasn't trying to hide anything  
18 from him.  
19 Q And did you have a conversation with  
20 Mr. Peever about the purchase?  
21 A Yes.  
22 Q And apart from your initial conversation with  
23 Mr. Peever where he put you together with Mr. Cooper,  
24 were there subsequent conversations with Mr. Peever  
25 about the investment?



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1 A Yes.  
 2 Q Who are the voices?  
 3 A That's Kevin Winter and I.  
 4 Q And when Mr. Winter -- do you recall the part  
 5 of the conversation where Mr. Winter asked you, Who's  
 6 going to pay our legal fees, and you said, We are?  
 7 A Well, I was -- yeah.  
 8 Q By "we," who did you mean?  
 9 A Well, someone's going to have to pay legal  
 10 fees. I mean, that's a big thing when these things  
 11 blow up, people are wondering who's paying legal fees.  
 12 And there's always, including me -- you don't want to  
 13 pay fees.  
 14 Q When you say "we are," who did you mean by  
 15 "we"?  
 16 A I guess LOM. They were our clients. We  
 17 haven't -- it was just in my mind, but I didn't want to  
 18 have them pay legal fees for some kind of blow-up,  
 19 basically, they weren't responsible for.  
 20 Q And so when he said Gateway, you say, Yeah.  
 21 Was that Gateway a part of LOM?  
 22 MR. FIGEL: Objection.  
 23 THE WITNESS: No.  
 24 BY MR. WILLIAMS:  
 25 Q The next recording I'm going play for you is

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1 a recording labeled 20030529B.wav, which we will refer  
 2 to as Exhibit 84C. And I'll represent to you that it's  
 3 been represented to us that this is a conversation on  
 4 May 29, 2003 between yourself and Mr. Stewart Smith.  
 5 (Plaintiff's Exhibit 84C was marked for  
 6 identification.)  
 7 (Whereupon, recording 84C was played.)  
 8 BY MR. WILLIAMS:  
 9 Q It's kind of hard to hear more than one  
 10 voice. Did you recognize any of the voices on that  
 11 recording?  
 12 A I recognize mine. I sort of recognize  
 13 Stewart's. It was very, very limited.  
 14 Q Do you recall having a conversation with  
 15 Mr. Smith in about May of 2003 about this situation?  
 16 A Not really. But I'm on tape, so I guess I  
 17 had a conversation with him.  
 18 Q Well, one of the parts, the few parts of that  
 19 recording that was audible, was -- I believe it was you  
 20 saying, Just say you bought some stock. Did you hear  
 21 that part of the recording?  
 22 A Yeah.  
 23 Q And did you direct Mr. Smith to tell the SEC,  
 24 Just say you bought some stock?  
 25 A No.

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1 Q Mr. Lines, the next recording I'm going to  
 2 play for you is a recording -- a file named  
 3 20030425B.wav that we will refer to as Exhibit 85 --  
 4 MR. NORTMAN: Repeat that, please. You said  
 5 it very quickly.  
 6 MR. WILLIAMS: I'm sorry. 20030425B, as in  
 7 boy, dot WAV.  
 8 BY MR. WILLIAMS:  
 9 Q Which I'll represent to you has been  
 10 represented to us to have been an April 25, 2003  
 11 conversation between yourself and Mr. King.  
 12 (Plaintiff's Exhibit 84D was marked for  
 13 identification.)  
 14 (Whereupon, recording 84D was played.)  
 15 BY MR. WILLIAMS:  
 16 Q Mr. Lines, do you recognize the voices on  
 17 that conversation?  
 18 A Yeah.  
 19 Q And who is that conversation between?  
 20 A That was Richard King and myself.  
 21 Q And with respect to the part of the  
 22 conversation where you told Mr. King to say that he had  
 23 a discretionary account, what did you mean, a  
 24 discretionary account?  
 25 A I'm just trying to take some of the heat off

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1 these guys and put it on me, to tell you the truth. I  
 2 felt responsible that the SEC was phoning all my  
 3 friends. Not the best position to be put in.  
 4 Q What did you mean by discretionary account?  
 5 A Discretionary means I would have  
 6 discretionary authority.  
 7 Q And was that the case?  
 8 A No.  
 9 Q You didn't have discretionary authority over  
 10 any account of Mr. King?  
 11 A No.  
 12 Q So you told him to tell the SEC something  
 13 that wasn't true?  
 14 A I didn't tell them to say something that  
 15 wasn't true, I just said -- I was trying to take the  
 16 fire off Richard a little bit. I thought that might  
 17 be -- be a way to do it.  
 18 Q The direction --  
 19 A Saying that, these are all my childhood  
 20 friends, so you automatically do have some  
 21 discretionary authority with them, just some as long as  
 22 financial -- you know, they don't want me setting them  
 23 up for financial -- half a million dollars or something  
 24 on a transaction, but for \$50,000, you know, there's  
 25 somewhat kind of discretionary authority with them that

1 I would do what I thought best. Unspoken discretionary  
2 authority.  
3 Q I'm not sure I understand how that fits  
4 within this context.  
5 MR. FIGEL: Objection.  
6 MR. SMITH: Objection.  
7 BY MR. WILLIAMS:  
8 Q What do you mean unspoken discretionary  
9 authority?  
10 A Well, your childhood friend. They are not  
11 expecting you to do something that's going to put them  
12 in a financial quandary. So \$50,000 is, you know,  
13 \$50,000. But they don't want me speaking on a half  
14 million dollars for them, I wouldn't think.  
15 Q So you had discretion with respect to their  
16 investment in Sedona?  
17 MR. FIGEL: Objection.  
18 THE WITNESS: No, I didn't have discretion on  
19 their investment in Sedona. But I'm just saying,  
20 there are some parameters, yeah. Friendship  
21 parameters. They are hard to explain.  
22 BY MR. WILLIAMS:  
23 Q But when you told him to tell the SEC that  
24 you had a discretionary account --  
25 A Right.

1 Q -- discretionary in what respect?  
2 A I was just trying to take some of the, you  
3 know, the fire off of him and point it towards me.  
4 Like I did the whole time.  
5 Q To suggest that he didn't have any  
6 responsibility for the investment in Sedona, or to  
7 suggest something else?  
8 MR. FIGEL: Objection.  
9 MR. SMITH: Objection.  
10 THE WITNESS: No, not to suggest anything.  
11 BY MR. WILLIAMS:  
12 Q Okay. Well, take the fire off him how?  
13 A It's the same I did for everyone, you know.  
14 I was trying to -- when this thing blew up, I put my  
15 hand up and said, I'm responsible for it. So I'm there  
16 taking the heat for everyone.  
17 Q Okay. But what I'm trying to connect is your  
18 statement, Tell them they had a discretionary account,  
19 with you taking the heat off people. How does one  
20 relate to the other?  
21 MR. FIGEL: Objection.  
22 MR. SMITH: Objection.  
23 THE WITNESS: I don't know how --  
24 BY MR. WILLIAMS:  
25 Q What is it that you're trying -- how are you

1 trying to take the heat off him by advising him to tell  
2 the SEC that he had a discretionary account?  
3 MR. FIGEL: Objection.  
4 MR. SMITH: Objection.  
5 BY MR. WILLIAMS:  
6 Q You can answer if you --  
7 MR. SMITH: That's the third time. I mean,  
8 he told him a number of things. He didn't tell  
9 him that. That's the third time you've  
10 misrepresented what's on that recording, Dave.  
11 MR. WILLIAMS: Let's play --  
12 MR. SMITH: So let's play it again.  
13 MR. WILLIAMS: Let's play it again.  
14 MR. SMITH: Okay.  
15 (Whereupon, a portion of recording 84D was  
16 replayed.)  
17 BY MR. WILLIAMS:  
18 Q "The best thing to say is that you basically  
19 have a discretionary account here, basically."  
20 A You know what I just got from that tape,  
21 Mr. Williams, is I've obviously talked to him before  
22 about purchasing the shell, Sedona, and he says, I  
23 don't remember what you said, Brian. That was the  
24 first conversation we had. And then we're talking --  
25 talking again, and then he said -- and then I mentioned

1 a discretionary. So all I'm doing is trying to, again,  
2 draw some of the heat off him and put it on me so he  
3 can blame me; that's all I'm telling him.  
4 Q Blame you by saying --  
5 A Brian told me to buy it, basically. I didn't  
6 do anything bad. That's all I'm telling him. That's  
7 what comes from that conversation. He knows he talked  
8 to me, obviously. He's forgotten what I told him, what  
9 he was buying or whatever. And now he's in trouble,  
10 and I'm just saying, Just say it was all my fault.  
11 That's all I'm saying in that conversation.  
12 Q So you believe the conversation indicated  
13 that you had had a prior conversation with Mr. King  
14 about the investments --  
15 A That's how it starts off.  
16 Q Okay. That's how it starts off.  
17 (Whereupon, a portion of recording 84D was  
18 replayed.)  
19 THE WITNESS: There we go.  
20 BY MR. WILLIAMS:  
21 Q Is that your reference?  
22 A Yes.  
23 Q He couldn't remember what you said?  
24 A Yeah. Obviously we had spoken about  
25 purchasing this before. He didn't know -- in one ear

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1 didn't receive it, no.  
 2 Q At about the time of the closing of the  
 3 purchase of the Sedona shell --  
 4 A Yes, sir.  
 5 Q -- by that time did you know what, if  
 6 anything, the shell would be used for?  
 7 MR. FIGEL: Objection.  
 8 MR. SMITH: Objection.  
 9 THE WITNESS: By the closing?  
 10 What are we objecting to?  
 11 MR. SMITH: I'm objecting to the form of the  
 12 question.  
 13 BY MR. WILLIAMS:  
 14 Q You can answer if you understand the  
 15 question.  
 16 A Say the question again.  
 17 Q Yeah. By the time of the closing of the  
 18 Sedona transaction --  
 19 A The closing you're saying is, what, 7th of  
 20 November, 5th of November? For closing the Sedona  
 21 transaction?  
 22 Q The Sedona Software --  
 23 A The 5th of January. Sorry.  
 24 Q January. The first -- the early part of  
 25 January. At about that time did you know what the

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1 shell would be used for?  
 2 A We had an idea by then, yes.  
 3 Q And what was the idea?  
 4 A Again, we purchased a shell, and it was  
 5 always -- the intent was always to do a transaction  
 6 with a private company. That's why you buy a shell.  
 7 And Tony had given me a call, this is before Christmas,  
 8 and the day before I leave he flies to Bermuda with  
 9 Mr. Park and explains a deal or a company to me that he  
 10 thought I might be interested in.  
 11 Q You mentioned someone named Tony. Who is  
 12 Tony?  
 13 A Tony? Tony would have been the chairman of  
 14 Renaissance at the time. Tony Wile was his name.  
 15 Q Tony Wile?  
 16 A Yes.  
 17 Q And what -- how did you come in contact with  
 18 Mr. Wile with respect to the transaction that you just  
 19 mentioned?  
 20 A He had phoned me up the day before he got  
 21 here and said, Brian, I've got a great transaction, or  
 22 a great private company I've been working on, and I'd  
 23 like you to take a look at it, and didn't say much  
 24 more, and then showed up at my doorstep the next day  
 25 Q And what -- did he indicate to you what, if

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1 anything, he wanted you to do in connection with the  
 2 company that he was working on?  
 3 MR. FIGEL: Objection.  
 4 THE WITNESS: At the beginning?  
 5 BY MR. WILLIAMS:  
 6 Q Yes.  
 7 A No. Just gave me a brief overview. Probably  
 8 December 21.  
 9 Q Okay. And so this was an in-person meeting  
 10 here in Bermuda?  
 11 A That's correct.  
 12 Q And you mentioned someone else named Ian  
 13 Park?  
 14 A Mr. Park, yes.  
 15 Q And who else participated in that meeting?  
 16 A We had a meeting at LOM that afternoon. It  
 17 was just Mr. Park, Tony Wile, and myself. And then we  
 18 went for dinner that night.  
 19 Q And the meeting was at your office in LOM?  
 20 A That's correct.  
 21 Q And --  
 22 A And for dinner we went to Little Venice, and  
 23 it was Kevin Winter, myself, Mr. Park, Mr. Wile.  
 24 Q And Little Venice, that's the same restaurant  
 25 that you had mentioned earlier today --

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1 A Yeah. It's a famous Italian eatery in  
 2 Bermuda.  
 3 Q And that wasn't the same meeting that you  
 4 spoke of earlier with --  
 5 A No. Totally separate meeting.  
 6 Q Okay.  
 7 A This is later on.  
 8 Q Okay. So this was after that?  
 9 A This was after -- this is, you know, five  
 10 days later or something, yeah.  
 11 Q Okay. And so you had a meeting at your  
 12 office with you, Mr. Wile, and Mr. Park, and after that  
 13 you went to dinner with the same gentlemen, but also  
 14 including Mr. Winter?  
 15 A That's correct.  
 16 Q And how long did the meeting last?  
 17 A An hour, an hour and 15 minutes. It was a  
 18 meeting, brief meeting, you know. They gave me a small  
 19 presentation and we went from there.  
 20 Q And can you describe what the presentation  
 21 was?  
 22 A It was a computerized presentation on a  
 23 notebook, and it was a -- talked about the assets they  
 24 were about to acquire, some past history of the  
 25 operating mines, other assets they had. They went

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1 through the board of directors with me, the management  
2 of the company, and what they wanted to do with the  
3 company.

4 Q So it was in the nature of like a PowerPoint  
5 presentation?

6 A It was a PowerPoint presentation.

7 Q And what -- what were they looking for from  
8 you? What is it they wanted you to do, if anything?

9 MR. FIGEL: Objection.

10 THE WITNESS: I'm a financier in a corporate  
11 finance role, and they knew I was involved in many  
12 Canadian transactions, and so, you know, people  
13 usually come to me for money.

14 BY MR. WILLIAMS:

15 Q So it was your sense that they were coming to  
16 you for money?

17 A They wanted me -- that's what most people  
18 come to me for, yes. For an investment opportunity  
19 they are showing me.

20 Q Okay. So was it your sense that Mr. Wile and  
21 Mr. Park were coming to you for money?

22 A Advice and money.

23 Q Advice in what respect?

24 A They would know I was part of a lot of  
25 Canadian deals, whether it be structuring, private

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1 placements or whatever, and he knew I had been part of  
2 a lot of successful ones up till then, as well. And so  
3 he wanted my advice on how we could finance this thing  
4 and properly organize it.

5 Q And did you give him advice on how to finance  
6 the thing?

7 A I gave him basic advice, yes. And he was  
8 intent -- he wanted to go the way of the OTC Bulletin  
9 Board, which I wasn't totally against at the time  
10 because, you know, we had just bought -- my group had  
11 just bought or were in the midst of finishing  
12 negotiation on a shell, and so I was open to it.

13 Q How would going onto the OTC Bulletin Board  
14 enable him to raise money?

15 A You tend to always -- when you're raising  
16 money for the public market, you tend to get an  
17 exchange listing, either in Canada, the U.S., or  
18 England -- not so much the U.S. anymore -- and then you  
19 raise money on that company, through private placement  
20 or...

21 Q Okay. So did you provide him any other  
22 advice?

23 A Not that I remember right now.

24 Q Okay. And so you indicated, at least in your  
25 earlier testimony, that Mr. Wile's firm had something

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1 to do with Sedona. What was that?

2 MR. FIGEL: Objection.

3 MR. SMITH: Objection.

4 THE WITNESS: I don't remember talking about,  
5 my former testimony, anything to do with Mr. Wile  
6 yet.

7 BY MR. WILLIAMS:

8 Q I'm sorry.

9 A I don't think we ever brought up Mr. Wile  
10 yet.

11 Q Well, I mentioned earlier if you knew at the  
12 time of the closing of Sedona what Sedona would be used  
13 for, and I think you indicated --

14 A I didn't indicate that.

15 Q I apologize. I don't mean to misstate your  
16 testimony.

17 Did Sedona have some connection with  
18 Mr. Wile's firm ultimately?

19 MR. FIGEL: Objection.

20 THE WITNESS: Not that I knew of. Him and  
21 Jack Cooper are two independent people altogether.  
22 Not connected by any dot or any line.

23 BY MR. WILLIAMS:

24 Q Right. But what I'm getting as is the Sedona  
25 shell would wind up being used in connection with

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1 Renaissance in some way?

2 MR. FIGEL: Objection.

3 MR. NORTMAN: Objection.

4 THE WITNESS: We didn't know that then, not  
5 when we -- when I first started negotiating it.

6 BY MR. WILLIAMS:

7 Q When started negotiating what?

8 A The purchase of Sedona.

9 Q Going to the --

10 MR. WILLIAMS: Why don't we go off the record  
11 so that the videographer can change the tape.

12 THE WITNESS: Sure.

13 MR. NORTMAN: Guys, you're starting to drop  
14 your voices. It's very hard to hear.

15 THE WITNESS: Sorry about that.

16 THE VIDEOGRAPHER: Off the record at  
17 2:36 p.m.

18 (Whereupon, a recess was taken.)

19 THE VIDEOGRAPHER: Tape No. 4 at 2:58 p.m.

20 BY MR. WILLIAMS:

21 Q Okay. Mr. Lines, there's one document that I  
22 meant to cover with you earlier but I overlooked it, so  
23 I'm going to go back and cover it now. It pertains to  
24 the Sedona shell.

25 A Right.

1 Q This is a document that I'll ask the court  
2 reporter to label as next in series, Exhibit 87 – 86.  
3 (Plaintiff's Exhibit 86 was marked for  
4 identification.)  
5 BY MR. WILLIAMS:  
6 Q I'll represent to you that Exhibit 86 is a  
7 one-page document Bates No. SEC 001360. It appears to  
8 be a January 7, 2003 email from yourself to Sherry  
9 Johal.  
10 A Yes.  
11 Q And do you recognize the document, Mr. Lines?  
12 A Do I recognize this document?  
13 Q Yes, sir.  
14 A I guess it's just an email from me to Sherry.  
15 Q Okay. In the message body portion of the  
16 document it says, "P.S., I'm expecting a package from  
17 FedEx certs (Sedona Software). Please have them  
18 deposited to ICH and have them forwarded to vault for  
19 DTC." Do you see that part of the document?  
20 A I do.  
21 Q Do you know what that means?  
22 A It looks like the certificates that  
23 Mr. Cooper is FedExing us.  
24 Q When you say "have them deposited to ICH,"  
25 what does that mean?

1 A That they are putting the stock under ICH's  
2 account.  
3 Q And you say, "have them forwarded to vault  
4 for DTC," what does that mean, "vault for DTC"?  
5 A Sherry gets a certificate, she passes it on  
6 to the vault, and the vault does what it does with  
7 them, meaning they make sure it's properly signed,  
8 making sure it looks good, sends it to a transfer agent  
9 or a depository. Just whatever the vault does.  
10 Q Who's in charge of the vault at LOM Bermuda?  
11 MR. FIGEL: Objection.  
12 MR. SMITH: In January 2003?  
13 BY MR. WILLIAMS:  
14 Q In January 2003.  
15 A Back then I believe it was a fella named  
16 Cueva.  
17 THE COURT REPORTER: What was the name?  
18 THE WITNESS: Cueva, C-U-E-V-A.  
19 BY MR. WILLIAMS:  
20 Q And is his last name Holder?  
21 A Yes, it is.  
22 Q And what does the vault do with respect to,  
23 say, a share certificate for Sedona Software? What  
24 would the vault do?  
25 MR. FIGEL: Objection.

1 MR. SMITH: Objection.  
2 BY MR. WILLIAMS:  
3 Q If a share certificate of Sedona Software was  
4 sent to the vault for DTC, what would the vault do?  
5 MR. FIGEL: Objection. Time frame?  
6 BY MR. WILLIAMS:  
7 Q In about January 2003.  
8 A Again, they get ahold of the cert and they  
9 probably photocopy it, and so -- they photocopy it,  
10 they make sure it's logged in the proper account, and  
11 they send it to the custodian or the transfer agent  
12 for -- to make it into electronic form.  
13 Q What's DTC?  
14 A It's the clearing system. It's how stocks  
15 are cleared, securities are cleared. It's really  
16 taking a physical security and putting it into an  
17 electronic form.  
18 Q Okay. And how would the vault determine  
19 whether or not the stock went into the right account?  
20 MR. FIGEL: Objection.  
21 MR. SMITH: Objection.  
22 BY MR. WILLIAMS:  
23 Q If you know.  
24 A I'm not the vault operator. They do what  
25 they do. They do the best they can.

1 Q Okay. And above in the email there are  
2 directions to transfer -- appears to be directions to  
3 transfer funds from an account REDACTED to ICH?  
4 A Yes.  
5 Q And from Golden Accumulator to ICH. Do you  
6 see that part of the document?  
7 A I see that.  
8 Q That account number on the first line, do you  
9 recognize that account number?  
10 A Yes, I do.  
11 Q What account is that?  
12 A That's Monashee.  
13 Q Okay. Now, before we took a break, you spoke  
14 of a meeting that you had with Tony Wile and Ian Park  
15 in -- sometime in mid to late December 2002. Do you  
16 recall that?  
17 A Yes.  
18 Q And then after the meeting you went out to  
19 dinner?  
20 A The day after I went to Whistler, Canada. I  
21 left Bermuda for Vancouver the day after.  
22 Q I see. So it would have been -- if you left  
23 on the 21st, and you're not exactly sure about the  
24 date, but if you left on the 21st, then it would have  
25 been the 20th?



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1 A Then it would have been on the 20th, that's  
2 correct.  
3 Q How much advance notice did you have of the  
4 meeting prior to Mr. Wile and Mr. Park coming to  
5 Bermuda?  
6 A He gave me a call the day before.  
7 Q And the call the day before, was that the  
8 first you had ever heard of Renaissance?  
9 A That would be correct.  
10 Q And you mentioned that Mr. Wile -- was it  
11 Mr. Wile who delivered the presentation or Mr. Park or  
12 both?  
13 A Mainly Mr. Park did the talking.  
14 Q Okay. And Mr. Park talked about --  
15 A The operational aspects of the company.  
16 Q What, if anything, did Mr. Wile talk about?  
17 A He didn't do too much talking. It's hard to  
18 believe, I know.  
19 Q Okay. And you indicated that the meeting  
20 lasted for about an hour, I think you said?  
21 A Yeah, an hour and a bit.  
22 Q And so after the meeting you went out to  
23 dinner --  
24 A Went home, get changed, see the kids, and  
25 went out for dinner.

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1 Q With Mr. Wile and Mr. Park, and also  
2 Mr. Winter?  
3 A That's correct.  
4 Q And was any business discussed at the  
5 meeting -- at the dinner? I'm sorry.  
6 A Yeah, we were talking about Renaissance and  
7 where they wanted to go with it. Definite chitchat  
8 Q And was that Mr. Park telling you where  
9 Renaissance wanted to go, or Mr. Wile, or both?  
10 A They were both talking.  
11 Q Okay. And what, if anything, did they  
12 communicate to you about where they wanted Renaissance  
13 to go?  
14 A Well, other than going public, they -- when  
15 you start a company, there's big dreams all the time,  
16 so they had -- they both had big dreams. They wanted  
17 to be an intermediate gold producer. They had  
18 differing ideals on what mines they already had and  
19 maybe what else they could purchase. So they -- you  
20 know, they were excited.  
21 Q So they wanted to go public with Renaissance?  
22 A They did want to go public, yes.  
23 Q And was them going public discussed at the  
24 meeting?  
25 A Somewhat, yeah.

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1 Q And would LOM or yourself have a role in  
2 Renaissance going public?  
3 MR. FIGEL: Objection.  
4 BY MR. WILLIAMS:  
5 Q As it was presented to you?  
6 A Yeah, you know, I had mentioned we were  
7 negotiating on an OTC shell already, and we could  
8 possibly make that available for this transaction.  
9 And, you know, LOM's role, obviously they would have  
10 collected fees by having an agency agreement and to  
11 sell the private placement.  
12 Q So you indicated that you had a possible  
13 shell corporation available at the meeting with  
14 Mr. Wile and Mr. Park?  
15 A There was a -- yeah, there was a possibility  
16 of the shell that we had -- negotiating to acquire but  
17 hadn't finished or completed acquiring it yet, we would  
18 think about the possibility of merging it with  
19 Renaissance.  
20 Q And how did that come up? Did Mr. Wile or  
21 Mr. Park ask you if that was available or did you raise  
22 it on your own?  
23 A I probably raised it by myself.  
24 Q And what was the reaction to that, if  
25 anything?

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1 A There's no great -- there's no big reaction.  
2 Q Were they receptive?  
3 A Yeah, they were receptive. They had come all  
4 the way from Florida and Canada to meet me and have  
5 dinner with me and introduce me to Renaissance. They  
6 were receptive to what I was talking about, obviously.  
7 I would hope so.  
8 Q And were they aware that you had a possible  
9 potential shell corporation available before they came  
10 to the meeting?  
11 MR. FIGEL: Objection.  
12 THE WITNESS: No, they wouldn't have known  
13 that.  
14 BY MR. WILLIAMS:  
15 Q You never mentioned it to them on the call  
16 prior to the meeting?  
17 A I don't believe so.  
18 Q Okay. And you indicated that LOM might have  
19 a role in a private placement?  
20 A If we were going to raise money, which is  
21 what you have to do when you finance these junior  
22 mining companies, you know, you're expected to raise  
23 money, et cetera. There would have been a role for LOM  
24 to act as agent and collect fees and investment banking  
25 fees, et cetera, et cetera.

1 distribute information, et cetera, et cetera. That's  
2 what a PR firm is for. Public relations.  
3 Q Okay. So in the email here where it says,  
4 "This is the start of a massive promotion," you didn't  
5 know what that meant?  
6 A I didn't read it. It means nothing to me.  
7 Q You didn't read it?  
8 A No. You've got to realize, I had three  
9 transactions going, probably 100 emails a day. You  
10 can't read all the stuff you get.  
11 Q Okay. So you don't think you read the email  
12 from Mr. Wile?  
13 A No, I don't think I did.  
14 Q Did Mr. Wile ever mention to you an  
15 individual named Bob Chapman?  
16 A He mentioned it in passing, I guess.  
17 Q Based on what was mentioned to you, who was  
18 Bob Chapman?  
19 A I don't know. It didn't really ring a bell  
20 to me. No bells went off. I didn't know who Bob  
21 Chapman was. Never heard of the guy before.  
22 Q In the email, Exhibit 87, he mentions a firm  
23 called International Mining Group. Do you see that  
24 part of the document?  
25 A Where is that?

1 Q The second sentence.  
2 A I see that, yes.  
3 Q And did you -- were you familiar with the  
4 firm International Mining Group?  
5 A Never heard of it before.  
6 Q Did Mr. Wile discuss the group International  
7 Mining Group with you?  
8 A No.  
9 Q He never discussed International Mining Group  
10 with you?  
11 A No.  
12 Q What role, if any, did International Mining  
13 Group have in the Renaissance offering, to your  
14 knowledge?  
15 MR. FIGEL: Objection.  
16 MR. NORTMAN: Objection.  
17 MR. SMITH: Objection.  
18 BY MR. WILLIAMS:  
19 Q You can answer if you know.  
20 A I don't think they had anything to do with  
21 it.  
22 Q Have you ever heard of the name Abe Mishal,  
23 M-I-S-H-A-L?  
24 A No. Who's that?  
25 Q I'm sorry?

1 A Who is that?  
2 Q I'm not allowed to answer your questions. I  
3 can only ask them.  
4 A Okay.  
5 Q I'm going to hand you a document that I'm  
6 going to ask --  
7 MR. WILLIAMS: I ask the court reporter to  
8 label this as Exhibit 88.  
9 (Plaintiff's Exhibit 88 was marked for  
10 identification.)  
11 BY MR. WILLIAMS:  
12 Q And I'll represent to you that Exhibit  
13 Number 88 is a two-page document, Bates No. SEC --  
14 three-page document, I'm sorry, SEC 1507 through 1509.  
15 MR. NORTMAN: Is it 88?  
16 MR. WILLIAMS: 88, right. The first page is  
17 an email communication, appears to be dated  
18 January 17, 2003 from Anthony Wile -- from Brian  
19 Lines to Anthony Wile, Subject, Re: Renaissance  
20 Mining Press Release.  
21 BY MR. WILLIAMS:  
22 Q Mr. Lines, have you seen this document  
23 before?  
24 A I guess I -- I guess it's come by me, yes.  
25 Q And the press release that's on the second

1 and third pages appears to have handwriting on the  
2 second page. Do you see that part of the exhibit?  
3 A I do.  
4 Q And do you recognize that handwriting?  
5 A Yes.  
6 Q Whose handwriting is it?  
7 A Scott's.  
8 Q And the first page of the document --  
9 A First page?  
10 Q The first page of the document appears to be  
11 an email from yourself to Anthony Wile. Do you see  
12 that part of the document?  
13 A I do see it, yes.  
14 Q And did you recall forwarding to Mr. Wile  
15 this suggestion of using -- instead of using Lines  
16 Overseas Management, you use LOM Capital Ltd.?  
17 MR. FIGEL: Objection.  
18 MR. SMITH: Objection.  
19 BY MR. WILLIAMS:  
20 Q You can answer if you recall sending...  
21 THE WITNESS: Why are we objecting?  
22 MR. SMITH: Well, I can't tell you. And  
23 that's a short answer. But if you don't  
24 understand the question, you need to ask  
25 Mr. Williams to rephrase it. But if --

1 THE WITNESS: Rephrase the question.  
 2 BY MR. WILLIAMS:  
 3 Q Yeah. My question is, do you recall  
 4 sending -- communicating to Anthony Wile that he should  
 5 make a change in a Renaissance Mining press release  
 6 from using Lines Overseas Management to LOM Capital  
 7 Ltd.?  
 8 MR. FIGEL: Objection.  
 9 THE WITNESS: I would have -- obviously  
 10 emailed it back to him and it would have been  
 11 just -- would have been more truanee (verbatim) to  
 12 the deal. LOM Management had nothing to do with  
 13 it. LOM Capital was going to be the agent, which  
 14 I think this reflects.  
 15 BY MR. WILLIAMS:  
 16 Q But you did review the press release of  
 17 Renaissance?  
 18 A Did I review it?  
 19 Q Yes.  
 20 A I did not review it.  
 21 Q No. Scott Lines reviewed the press release?  
 22 MR. FIGEL: Objection.  
 23 THE WITNESS: Not Scott. David Surmon.  
 24 BY MR. WILLIAMS:  
 25 Q Do you see Mr. Surmon's handwriting on the

1 second page anywhere?  
 2 A I don't see his handwriting on the second  
 3 page, per se. But some of this could be his  
 4 handwriting, I don't know. But it's been...  
 5 Q So did Scott review all the press releases?  
 6 MR. FIGEL: Objection.  
 7 MR. SMITH: Objection.  
 8 MR. CRIMMINS: Objection.  
 9 THE WITNESS: I wouldn't think so, no.  
 10 BY MR. WILLIAMS:  
 11 Q Why wouldn't you think so?  
 12 MR. FIGEL: Objection.  
 13 MR. CRIMMINS: Objection.  
 14 MR. SMITH: Objection.  
 15 MR. NORTMAN: Objection.  
 16 THE WITNESS: They are all objecting.  
 17 BY MR. WILLIAMS:  
 18 Q You can answer unless your attorney tells you  
 19 not to answer.  
 20 A He told me not to answer.  
 21 MR. SMITH: No, we didn't tell you not to  
 22 answer. It's a technical objection. Basically  
 23 he's assuming that Scott reviewed this in his  
 24 question and that hasn't been established yet, so  
 25 we're objecting to the form. But if you just

1 follow along, if you can understand his question,  
 2 answer to the best of your ability --  
 3 THE WITNESS: I think, if anything, Scott was  
 4 trying to make sure that whatever was here was  
 5 said properly. That's all he would be doing.  
 6 BY MR. WILLIAMS:  
 7 Q And did he do that in connection with all the  
 8 press releases, as far as you know?  
 9 MR. FIGEL: Objection.  
 10 MR. SMITH: Objection.  
 11 BY MR. WILLIAMS:  
 12 Q For Renaissance.  
 13 A I don't know. That's only speculation. I  
 14 doubt it. And I know we talked about this earlier  
 15 today but I just want to be clear that LOM Capital  
 16 Ltd. -- you were the president of LOM Capital Ltd., as  
 17 well, weren't you? Or were you?  
 18 MR. FIGEL: Objection.  
 19 THE WITNESS: I don't think so. But I don't  
 20 know.  
 21 BY MR. WILLIAMS:  
 22 Q What was your relationship with respect to  
 23 LOM Capital Ltd.?  
 24 A My relationship?  
 25 Q I mean what was your role, if any.

1 A I was -- I didn't really have a role in it.  
 2 Q So you weren't a part of LOM Capital Ltd.?  
 3 A No. Metaphorically speaking. I was sales  
 4 and trading, you know. LOM Capital did their own  
 5 thing. There was Zach Collins, there was David Surmon.  
 6 They did a wide array of --  
 7 Q Okay. I guess I'm just trying to sort of  
 8 line up the organizational chart. So it's clear, LOM  
 9 Capital Ltd. is under the umbrella of LOM Holdings; is  
 10 that right?  
 11 A That's correct.  
 12 Q And what is your relationship -- you  
 13 indicated you're the president of LOM. President of  
 14 which LOM?  
 15 A LOM Bermuda.  
 16 Q Okay. LOM Bermuda.  
 17 Do you have any relationship with respect to  
 18 LOM Holdings?  
 19 A Do I have any relationship?  
 20 Q Yes.  
 21 A I'd be a shareholder.  
 22 Q Okay. Who's the president, if any -- if  
 23 anyone, of LOM Holdings?  
 24 MR. FIGEL: Objection. Time frame.  
 25 THE WITNESS: I don't know. Right now I

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1 don't know -- back then?  
 2 BY MR. WILLIAMS:  
 3 Q Back in 2003.  
 4 A I think there were directors. It wasn't so  
 5 much -- it was the holding company. The operating  
 6 subsidiaries would be lower.  
 7 THE COURT REPORTER: The operating...  
 8 THE WITNESS: Subsidiaries.  
 9 BY MR. WILLIAMS:  
 10 Q I believe you indicated earlier that  
 11 essentially the people, Zach Collins and Mr. Surmon and  
 12 LOM Capital, reported to your brother Scott; is that  
 13 right?  
 14 A Generally speaking, yes.  
 15 Q Was there anyone else that they reported to?  
 16 A Well, they report to the management  
 17 committee, which I was on.  
 18 Q Okay. And so the management committee -- was  
 19 the management committee in a position to oversee the  
 20 operations of the various entities, LOM entities?  
 21 A I don't understand your question.  
 22 Q Okay. I guess what's the relationship  
 23 between the management committee and, say, LOM Capital?  
 24 A Well, the management committee would usually  
 25 have someone from every division in the management

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1 committee. Not unlike, I'm sure, other companies.  
 2 Q Okay. And so what I'm trying to figure out  
 3 is you indicated that Mr. Surmon and Mr. --  
 4 A Collins.  
 5 Q -- Collins essentially ran LOM Capital; is  
 6 that right?  
 7 A That's correct.  
 8 Q And as I understand it, that they reported up  
 9 to Scott Lines who was the managing director of LOM,  
 10 right?  
 11 A He'd oversee them, yes.  
 12 Q And Mr. Scott Lines was the managing director  
 13 of which LOM entity?  
 14 A LOM Bermuda.  
 15 Q In about 2003. LOM Bermuda. And did he have  
 16 a position, a formal position or a role with respect to  
 17 any other entity?  
 18 A Within the LOM group?  
 19 Q Yes.  
 20 A Well, he was responsible for the LOM group.  
 21 Like me.  
 22 Q You both were responsible for all the  
 23 entities within the LOM group?  
 24 A Anything went wrong, they usually come back  
 25 to me, yes, or Scott. When everything goes fine,

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1 everything's fine.  
 2 Q So you two, as I think you explained it  
 3 earlier, you two were essentially coequals in charge of  
 4 the LOM group, and within your structure you had sort  
 5 of a division of labor where you were primarily on the  
 6 sales side and he was primarily on the, I guess you  
 7 could say operations side?  
 8 MR. FIGEL: Objection.  
 9 MR. SMITH: Objection.  
 10 MR. NORTMAN: Objection.  
 11 BY MR. WILLIAMS:  
 12 Q Is that right or am I wrong?  
 13 MR. FIGEL: Objection.  
 14 MR. NORTMAN: Objection.  
 15 MR. SMITH: Objection.  
 16 THE WITNESS: We were both -- we were both  
 17 responsible for everything, and we split up the  
 18 duties to work the best for us.  
 19 MR. WILLIAMS: I see.  
 20 MR. FIGEL: Mr. Williams, would you mind if I  
 21 made a brief statement on the record just to make  
 22 sure you understand an objection that I was  
 23 pressing?  
 24 MR. WILLIAMS: Sure.  
 25 MR. FIGEL: And I'm not asking questions. I

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1 just think it's unclear with respect to document  
 2 88 exactly what was in the email that Mr. Lines  
 3 received, what was in the email that Mr. Lines  
 4 transmitted back, and whether there was an  
 5 attachment, and whether the attachment had any  
 6 marginalia or iterations to it.  
 7 MR. NORTMAN: Who was just talking? We  
 8 couldn't hear much of what was said and we  
 9 couldn't identify the speaker.  
 10 MR. SMITH: That was -- Bill, it's Phil  
 11 Smith. Reid was just pointing out that Exhibit 88  
 12 is an email, and it's -- it has a document  
 13 attached to it, and the email doesn't indicate  
 14 that it has attachments, so there was some  
 15 question as to what this email was responding to  
 16 and whether it attached the document.  
 17 MR. NORTMAN: Okay. The completeness of the  
 18 document.  
 19 MR. SMITH: I mean, it's not clear.  
 20 MR. NORTMAN: Thank you.  
 21 MR. SMITH: All right.  
 22 BY MR. WILLIAMS:  
 23 Q As a part of LOM's participation in the  
 24 Renaissance private placement -- first let's go beyond  
 25 the Renaissance private placement and discuss your

1 participation in private placements generally in about  
 2 early 2003 time frame. What form of -- were you -- did  
 3 your firm have a practice of undertaking any sort of  
 4 due diligence with respect to a transaction?  
 5 MR. FIGEL: Objection.  
 6 MR. SMITH: Objection.  
 7 BY MR. WILLIAMS:  
 8 Q You can answer if the question is  
 9 understandable to you.  
 10 A We did due diligence, yes.  
 11 Q And what types of things did you do with  
 12 respect to a private placement like Renaissance in  
 13 terms of due diligence?  
 14 MR. FIGEL: Objection.  
 15 MR. SMITH: Objection.  
 16 MR. NORTMAN: Objection.  
 17 THE WITNESS: Corporate finance was doing --  
 18 MR. NORTMAN: Mr. Lines, would you please  
 19 speak up? I appreciate it. I know it's a long  
 20 day.  
 21 THE WITNESS: Corporate finance was doing the  
 22 due diligence. I wasn't.  
 23 MR. NORTMAN: Thank you.  
 24 BY MR. WILLIAMS:  
 25 Q So that would have been Mr. Collins or

1 Mr. Surmon that would have been responsible for that?  
 2 A That would be correct.  
 3 Q Okay. And to your knowledge, are you aware  
 4 of any steps that they took to perform the due  
 5 diligence?  
 6 MR. FIGEL: Objection.  
 7 MR. SMITH: Objection.  
 8 MR. NORTMAN: Objection.  
 9 THE WITNESS: They object.  
 10 I know they were talking to the lawyers, the  
 11 two of them, lawyer speak.  
 12 BY MR. WILLIAMS:  
 13 Q Mr. Surmon and some other lawyer?  
 14 A And the Renaissance lawyers.  
 15 Q And the Renaissance lawyers.  
 16 A Yes.  
 17 Q What, if anything -- what, if any, role did  
 18 Mr. Collins have in the Renaissance transaction, to  
 19 your knowledge?  
 20 A I was not part of LOM corporate finance, but  
 21 David would maybe -- he'd do some stuff and David would  
 22 do some stuff. You know, you usually split up a task.  
 23 Q Okay. So you don't know exactly what  
 24 Mr. Collins might have done?  
 25 A No. It would be speculative if I told you,

1 at best.  
 2 Q Okay. And you indicated that you know that  
 3 Mr. Surmon did some work on the offering memorandum.  
 4 Do you know if he did anything else?  
 5 MR. FIGEL: Objection.  
 6 MR. SMITH: Objection.  
 7 BY MR. WILLIAMS:  
 8 Q Without describing what --  
 9 A I have no idea. All I know is he was talking  
 10 to Renaissance lawyers. Renaissance lawyers were  
 11 talking to him. I was not in that part of the  
 12 equation.  
 13 Q Okay. And so if LOM Capital is doing the --  
 14 is participating in the private offering, how does the  
 15 sales side of LOM come into play?  
 16 MR. FIGEL: Objection.  
 17 MR. SMITH: Objection.  
 18 THE WITNESS: There were no sales side yet,  
 19 number one. In respect to Renaissance. We never  
 20 got down that route. We went to our clients,  
 21 tried to get a feeling of whether we could do the  
 22 deal or not.  
 23 BY MR. WILLIAMS:  
 24 Q So I guess if the sales had never got there,  
 25 I guess I'm wondering -- when you indicated that there

1 was a strong -- that you and Scott had determined that  
 2 there was strong interest among your clients --  
 3 A Yes.  
 4 Q -- what was the context in which you were  
 5 able to ascertain that?  
 6 MR. FIGEL: Objection.  
 7 THE WITNESS: We had felt that up already.  
 8 We had spoken to clients, and we had some idea  
 9 that we could do this financing quite easily.  
 10 BY MR. WILLIAMS:  
 11 Q Who did you speak to?  
 12 A Our clients.  
 13 Q Which ones?  
 14 A A wide array of them.  
 15 Q More than 10?  
 16 A Absolutely.  
 17 Q Can you ballpark a figure in terms of --  
 18 A It would be speculation if I do it right now.  
 19 It's a long time ago.  
 20 Q But it's definitely more than 10?  
 21 MR. FIGEL: Objection.  
 22 THE WITNESS: Yes, I would say so. I  
 23 generally keep things in my head. Scott writes  
 24 stuff down. And I would say many more than 10.  
 25 BY MR. WILLIAMS:



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1 A I think all these guys knew each other, okay?  
 2 Kevin and Todd are very good friends.  
 3 Q Mr. Winter and Mr. Peever are very good  
 4 friends?  
 5 A That's correct.  
 6 Q So when you say you may have seconded it,  
 7 what do you mean by that?  
 8 A Sometimes people do ask me questions, Does  
 9 this sound right? And I say, Yeah, you know, go -- I'm  
 10 not the -- I don't tell these guys what to do, you  
 11 know. They do their own things, as well.  
 12 Q So you didn't decide that these corporate  
 13 entities that we see on Schedule B would participate in  
 14 the IHI share purchase?  
 15 A No. I can add to that a little bit, if you  
 16 want me to.  
 17 Q You can add -- yeah, please, add to it.  
 18 A I believe that Mr. Kevin Winter and  
 19 Mr. Richard King were president and vice president of  
 20 Inside Holdings, and directors of the corporation.  
 21 Q And did that result from their purchasing an  
 22 interest in the company, or did that precede their  
 23 purchasing of an interest in the company, do you know?  
 24 MR. FIGEL: Objection.  
 25 THE WITNESS: I would have no idea.

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1 BY MR. WILLIAMS:  
 2 Q Okay. Mr. Lines, let me show you a document  
 3 that I will ask the court reporter to label as Exhibit  
 4 Number 100.  
 5 (Plaintiff's Exhibit 100 was marked for  
 6 identification.)  
 7 BY MR. WILLIAMS:  
 8 Q I'll represent to you that Exhibit 100 is a  
 9 three-page document, appears to be a series of emails,  
 10 Bates No. SEC 1294 through 1296. The first page  
 11 appears to be a -- the final email in the chain appears  
 12 to be an email from Cueva Holder dated January 30, 2002  
 13 to someone named Lorreatta, L-O-R-R --  
 14 A Are you on the first page?  
 15 Q Yeah. L-O-R-R-E-A-T-T-A, DeShield,  
 16 D-E-S-H-I-E-L-D, and Natasha Nunes, appearing to  
 17 forward a subject of Acquisition Control of Inside  
 18 Holdings, Inc., various shareholders. Okay. And  
 19 Mr. Lines, let me ask you, do you recall this series of  
 20 emails?  
 21 A No. This is nine years ago.  
 22 Q Sure.  
 23 And let me ask you, who is Lorreatta  
 24 DeShield, if you know?  
 25 A I don't know.

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1 Q Let me ask you to look at the final email --  
 2 the third page the document appears to be an email from  
 3 Lorreatta DeShield to Brian Lines, cc: Cueva Holder,  
 4 dated January 23, 2002, Subject: Acquisition of  
 5 control of Inside Holdings. It says, "Brian: Be  
 6 advised, we received a share cert for the above. It is  
 7 1,275,000."  
 8 A Sorry. Where is this?  
 9 Q The very last email in the series.  
 10 A Last page?  
 11 Q Yes, sir.  
 12 A Okay.  
 13 MR. SMITH: You mean the first email?  
 14 MR. WILLIAMS: First email chronologically,  
 15 yes.  
 16 THE WITNESS: All right.  
 17 BY MR. WILLIAMS:  
 18 Q Do you understand what's being communicated  
 19 in the email?  
 20 A Not really.  
 21 Q Okay.  
 22 A Looks like a difference in shares or  
 23 something. I don't know.  
 24 Q Okay. And the next email appears to be from  
 25 you that same day to Lorreatta DeShield where it says,

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1 "We bought," B-O-T, "400,000 in the market." Do you  
 2 see that?  
 3 A I do.  
 4 Q Do you know what that pertains to?  
 5 A Maybe we bought some stock in the market.  
 6 I don't know. It doesn't mean anything.  
 7 Q And the next email from Lorreatta DeShield to  
 8 you January 24 where it says, "Brian, please confirm  
 9 which account we will be crediting the stock that is  
 10 placement, and I want to also confirm that we will be  
 11 reflecting a charge for \$500 for each name: Gateway  
 12 Research Management, Aberdeen Holdings, SKN Holdings  
 13 Ltd., Warwick Ventures Ltd., Consensus Investments  
 14 Ltd." Do you see that part of the document?  
 15 A I do.  
 16 Q Do you know what that pertains to?  
 17 A What pertains to what?  
 18 Q What -- a \$500 charge for each name, what  
 19 does that relate to?  
 20 A You know, I believe back then LOM, like every  
 21 business, works on how to capitalize and -- more fees.  
 22 And it was just a physical -- deliver a physical and  
 23 they charge you 500 bucks.  
 24 Q Deliver a physical --  
 25 A So, you know, they charge you \$500 for an ABC

1 of the stock, a physical.  
 2 THE COURT REPORTER: For a what?  
 3 THE WITNESS: Physical, physical certificate.  
 4 So if LOM receives a physical certificate, they  
 5 charge you \$500.  
 6 BY MR. WILLIAMS:  
 7 Q Charge who \$500?  
 8 A The client.  
 9 Q The client who received the certificate?  
 10 A Yeah. Whoever -- whatever client puts in a  
 11 certificate to their account, and if it's physical, the  
 12 cage would charge that client \$500.  
 13 Q Okay. So if a client deposits a physical  
 14 security with LOM, you charge them \$500?  
 15 A That's correct.  
 16 Q And is it your belief that that's what's  
 17 being referenced in that email?  
 18 A It sure seems that way, yes.  
 19 Q Okay. Let me ask you to go up to an email,  
 20 it begins on the first page of the document and  
 21 continues over to the second page. It's from  
 22 Mr. Holder to you, cc: Debbie Johal and also Lorreatta  
 23 DeShield, sent January 29 at -- 2002 at 9:45 a.m. And  
 24 Mr. Holder says, "Brian, what account should we credit  
 25 the shares in the various nominee names? Did you not

1 want to charge 500 for use of each nominee name?" Do  
 2 you see that part of the document?  
 3 A Where is that?  
 4 Q I'm sorry. I was reading an email that began  
 5 on the bottom of the first page and continued to the  
 6 top of the second page.  
 7 A Okay.  
 8 Q And in particular the text of the email from  
 9 Mr. Holder to yourself, "Brian which account should we  
 10 credit the shares in the various nominee names? Did  
 11 you not want to charge 500 for use of each nominee  
 12 name?"  
 13 Do you see that part of the document?  
 14 A I do, yes.  
 15 Q And did you know what Mr. Holder was  
 16 referencing when he said "do you not want to charge  
 17 \$500 for the use of each nominee name"?  
 18 A Could be for anything, but it looks like it's  
 19 for, again, a -- changing from, again, the physical  
 20 certificate delivered in the cage and he's charging  
 21 \$500.  
 22 Q What's a nominee name?  
 23 A It could mean anything.  
 24 Q What does it mean to you?  
 25 A Nominee means someone else is -- possibly he

1 an interest in it, an interest in the underlying  
 2 beneficial ownership possibly.  
 3 Q Do you understand what it means in this  
 4 context?  
 5 A It could mean anything in this context.  
 6 Q Do you have an understanding what it means in  
 7 this context?  
 8 A I don't know what it means.  
 9 Q You don't know what it means?  
 10 And you appear to reply on the first page to  
 11 Mr. Holder's email at about 5:52 p.m. on that same day,  
 12 and you say, "I believe it will be to two accounts:  
 13 Golden Accumulator and Nomad on a 50/50 basis."  
 14 A That's from the --  
 15 Q Yeah. I'm sorry. We're going in reverse  
 16 order back up to the first page.  
 17 A Yeah. Maybe I believed it. I don't know.  
 18 He wants to know -- he wants to know whether to charge  
 19 fees, and I'm going, I don't know. But it's a  
 20 possibility that we can charge this account.  
 21 Q So the Golden Accumulator account, would that  
 22 be -- whose account was that?  
 23 A I believe that was Todd Peever.  
 24 Q And Nomad was whose account?  
 25 A I believe it was James Curtis.

1 Q So why would Mr. Peever and Mr. Curtis'  
 2 account be being charged in connection with this  
 3 transaction, if you know?  
 4 A I don't know. If this doc was supposed to go  
 5 there, a physical certificate, they'd be charged for  
 6 it.  
 7 Q Were Mr. Peever and Mr. Curtis investors in  
 8 Inside Holdings, as far as you knew?  
 9 A I have no idea what Mr. Curtis and Mr. Peever  
 10 were up to.  
 11 Q So you don't know why the stock certificates  
 12 in the names that we just looked at would be credited  
 13 to Mr. Peever and Mr. Curtis's account?  
 14 MR. FIGEL: Objection.  
 15 MR. SMITH: Objection.  
 16 BY MR. WILLIAMS:  
 17 Q Do you know why the names -- stock  
 18 certificates in the names of the entities that we just  
 19 looked at would be credited to Mr. Peever or  
 20 Mr. Curtis's account?  
 21 MR. FIGEL: Objection.  
 22 MR. SMITH: Objection.  
 23 THE WITNESS: Ask the question differently.  
 24 BY MR. WILLIAMS:  
 25 Q Do you know why stock certificates in the

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1 names of the corporate entities that we just looked at  
2 would be —  
3 A I can only speculate on that.  
4 Q You don't know?  
5 A No.  
6 Q And let me ask you to look at Mr. Holder's  
7 very last email, which is at the very top of page 1,  
8 where he's directing Ms. Nunes, Natasha Nunes, that  
9 "the various shares for Inside Holdings need to be  
10 allocated between accounts REDACTED and REDACTED." And  
11 he's saying to Lorre, L-O-R-R-E, "You need to put  
12 through P3 charges of 500 for each account and credit  
13 REDACTED with the offsetting credit for 1,000. Use a  
14 narrative such as 'Nominee name charge Re: Inside  
15 Holdings.'" Do you see that part of the document?  
16 A I do.  
17 Q What's a nominee name charge it?  
18 A It could be anything.  
19 Q But in this context what is it, if you know?  
20 A Again, I would have thought it was accepting  
21 a physical security.  
22 Q A nominee name charge is accepting a physical  
23 security?  
24 A Well, that's what I would have looked at it  
25 as. It looks like they got instructions to credit the

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1 stock to someone's account.  
2 Q We just looked at the email communication  
3 where you directed two accounts, Golden Accumulator and  
4 Nomad on a 50/50 basis. And Mr. Holder —  
5 A I didn't direct that. I said I just believed  
6 these things. So I would have had to have some kind of  
7 documentation to do that.  
8 Q I see.  
9 A If that was the case.  
10 Q And the account numbers mentioned in  
11 Mr. Holder's ultimate email at the very top of page 1,  
12 do those correspond to the account numbers for Golden  
13 Accumulator and Nomad?  
14 A I can't speculate on that, but I would assume  
15 so.  
16 MR. SMITH: But are you speculating?  
17 THE WITNESS: Yeah. I might be wrong.  
18 MR. SMITH: Just make it clear that if you  
19 speculate, tell Mr. Williams that.  
20 MR. WILLIAMS: That's fine.  
21 BY MR. WILLIAMS:  
22 Q As you sit here, you don't know what the  
23 Golden Accumulator or Nomad Trading account numbers  
24 were, do you?  
25 A No, I have no idea.

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1 Q Okay. I show you another document I'll ask  
2 the court reporter to label as Exhibit 101.  
3 (Plaintiffs Exhibit 101 was marked for  
4 identification.)  
5 BY MR. WILLIAMS:  
6 Q Exhibit 101 appears to be a one-page  
7 document, Bates No. SEC 1303. Appears to be two  
8 different email communications. The one I want to ask  
9 you about is at the very top of the page from Brian  
10 Lines to Bill McCartney, cc: REDACTED and  
11 Cueva Holder, Subject, Re: Inside Holdings private  
12 placement, 150,000 USD. Do you see that part of the  
13 document?  
14 A Yes, I do.  
15 Q And, I'm sorry, this is dated February 5,  
16 2002.  
17 You appear to be — who's Bill McCartney?  
18 A I don't know.  
19 Q Do you understand what directions that you're  
20 giving here?  
21 MR. SMITH: Objection.  
22 THE WITNESS: Well, the subject is, first of  
23 all, a private placement for \$150,000 US. Okay.  
24 That's the subject matter. This has nothing to do  
25 with the subject matter, so...

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1 BY MR. WILLIAMS:  
2 Q Well, down at the — let me ask you to look  
3 maybe — it appears to be — you initially say, "Kevin  
4 Winter will act as president and director; Eric  
5 Collins, director; Richard King, director. And then  
6 there's — appears to be Eric Collins, and is that an  
7 address for Mr. Collins?  
8 A Yes, that would be correct.  
9 Q Okay. And then there's a listing for  
10 Mr. King and below that, is that an address for  
11 Mr. King?  
12 A I'm sure it is, yes.  
13 Q Okay. It says: Placement will be taken  
14 under Consensus Investments Ltd. (Eric Collins) 75,000  
15 USD, and Nottingham Investments Ltd. (Richard King)  
16 75,000 USD. Deliver all shares in corporate names to  
17 LOM in Bermuda." Do you see that?  
18 A Yes, I do.  
19 Q What is this statement, "placement will be  
20 taken under," and then the listing of those  
21 corporations, what does that relate to, if you know?  
22 A I don't remember a \$150,000 placement. The  
23 only placement I remember is what Largo did, which was  
24 I think for 200,000.  
25 Q Okay. Given that it appears to pertain to